

The complaint

Mr A complains that Revolut Ltd hasn't protected him from losing money to a scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, Mr A has explained that on 13 July 2023 he made five debit card payments totalling £7,672 from his Revolut account to buy cryptocurrency that he then transferred and lost to a scammer. The debit card payments made from his Revolut account to the crypto exchange on 13 July 2023 were as follows.

Payment 1	£1,500
Payment 2	£2,300
Payment 3	£1,000
Payment 4	£1,500
Payment 5	£1,372

Mr A subsequently realised he'd been scammed and got in touch with Revolut. Ultimately, Revolut didn't reimburse Mr A's lost funds, and Mr A referred his complaint about Revolut to us. As our Investigator couldn't resolve the matter informally, the case has been passed to me for a decision.

I sent Mr A and Revolut my provisional decision on 5 November 2024 explaining why I wasn't intending to uphold this complaint. Now that the parties have had fair opportunity to respond, I'm ready to explain my final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Revolut didn't respond to my provisional decision. Mr A's representative responded though, and I've thought carefully about what they've said, in particular about the prevalence of such scams and other ombudsman's decisions they've referred to. However, these points haven't persuaded me to change my mind. It's not that I don't think Revolut ought reasonably to have been aware of scams like this at the time; it's that – as I explained in my provisional decision – in a case like this, where I'm not persuaded Revolut's warnings ought reasonably be expected to have gone beyond a tailored written warning, I wouldn't reasonably expect that warning to have covered the job scam Mr A was facing in this particular case at this particular time. I acknowledged in my provisional decision that whether Revolut ought to have gone further than this was a close call. But ultimately I haven't changed my mind about this, and so I've reached the same conclusions and for the same reasons as I explained in my provisional decision. I've explained my reasons again below.

First, let me say, I don't doubt Mr A has been the victim of a scam here. He has my sympathy. Ultimately, however, Mr A has suffered his loss because of fraudsters, and this doesn't automatically entitle him to a refund from Revolut. It would only be fair for me to tell

Revolut to reimburse Mr A his loss (or part of it) if I thought Revolut reasonably ought to have prevented the payments (or some of them) in the first place, or Revolut unreasonably hindered recovery of the funds after the payments had been made; and if I was satisfied, overall, this was a fair and reasonable outcome.

Prevention

In broad terms, the starting position at law is that an Electronic Money Institution (“EMI”) such as Revolut is expected to process payments and withdrawals that a customer authorises it to make, in accordance with The Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer’s account.

But, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable at the time of these payments in July 2023 that Revolut should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Revolut sometimes does including in relation to card payments);
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

Mr A had only just opened his account with Revolut on 10 July 2023. So there wasn’t yet a material account history for Revolut to tell whether these payments would be unusual or uncharacteristic for Mr A’s account. However, this didn’t absolve Revolut of its responsibilities to reasonably and proportionately intervene in scam payments. And losses to cryptocurrency investment fraud have recently been such that I would reasonably expect Revolut, from 1 January 2023, to have recognised that cryptocurrency-related transactions carry an elevated risk of being related to a fraud or a scam.

But not every cryptocurrency-related payment is linked to fraud or a scam. And there's a balance to be struck between proportionately and appropriately intervening in and identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments (allowing customers ready access to their funds). So, I think it would be too much to say Revolut ought to have intervened in Mr A's first payment. However, by the time of the second payment – which was for £2,300 and took the total amount going to crypto that day to £3,800 so far – I think Revolut ought to have intervened. I understand that between payment 1 and payment 2, Revolut did act to decline a payment also of £2,300 to the same merchant. But that's not the same thing as providing a proportionate warning. And here, given what Revolut knew about the payments, I think at the point of payment 2, Revolut reasonably ought to have provided Mr A with a tailored written warning related to cryptocurrency investment scams, tackling some of the key features of the scam.

I appreciate this wouldn't have been ideal for Mr A, because he wasn't falling victim to a cryptocurrency investment scam, but instead a scam offering a fake job opportunity which required him to complete tasks and to make cryptocurrency payments. Nevertheless, I have to be fair, and I think at the time given the prevalence of cryptocurrency *investment* scams, on 13 July 2023, the date of these payments, the most effective way for Revolut to limit harm caused by cryptocurrency-related transactions was to give a warning related to cryptocurrency investment scams, tackling some of the key features of the scam, so as not to be so broad as to dilute things by covering off too many different scam risks.

I've thought carefully about whether I think Revolut's intervention ought reasonably ever to have escalated beyond such a written warning (for example when Mr A instructed payments 3 to 5). But whilst I think it's quite a close call, I don't think there's quite enough here to say it should have. These were relatively small payments in terms of fraud monitoring and I think tailored written warnings would have been sufficiently proportionate.

So I think Revolut ought to have given Mr A a tailored written warning about cryptocurrency investment scams. But given the type of scam Mr A was falling victim to, I'm not persuaded this is likely to have changed things. I don't think the warnings would have focused on elements of Mr A's situation that ought to have concerned him. And given the circumstances of this case, whilst that's unfortunate for Mr A, I don't think I can fairly say Revolut unreasonably failed to prevent the payments.

Recovery

After these payments were made, because they were debit card payments, the only potential avenue to recover them would have been through the chargeback scheme. However, Mr A didn't make the debit card payments to the scammer. Instead, he made them to a legitimate crypto exchange, which would have provided the services intended. So Revolut could only have brought chargeback claims against the crypto exchange (and not the scammer) but these wouldn't have succeeded given the circumstances. I can't say Revolut therefore unreasonably hindered recovery of the funds.

I'm sorry Mr A was scammed and lost this money. He has my sympathy. However, I can't fairly tell Revolut to reimburse him in circumstances where I'm not persuaded it reasonably ought to have prevented the payments or to have recovered them.

My final decision

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 27 December 2024.

Neil Bridge
Ombudsman